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Trade Adjustment Assistance for Workers: A Fact Sheet

Paul J. Graney
Analyst in Social Legislation
Domestic Social Policy Division

Summary

Trade Adjustment Assistance (TAA) for workers provides a weekly trade readjustment allowance (TRA) to eligible workers whose entitlement to unemployment compensation (UC) benefits has ended. The TRA is the same amount as the workers received for UC, and they are provided job training as well. TAA was expanded to secondary workers when the program was reauthorized through FY2007 by the Trade Act of 2002 (P.L. 107-210). An alternative form of TAA (ATAA) providing wage insurance for older workers was also part of the expansion under P.L. 107-210. This act also reauthorized TAA for firms and established TAA for farmers. (TAA for firms offers technical assistance to firms adversely affected by trade to improve their competitiveness. TAA for farmers provides assistance when low farm prices are caused at least partly by imports.)

Background

Trade Adjustment Assistance (TAA), established by the Trade Expansion Act of 1962 (P.L. 87-794) and now authorized by the Trade Act of 1974 (P.L. 93-618) as amended, extends the same weekly benefits as unemployment compensation (UC) benefits through a trade readjustment allowance (TRA) and provides job training for workers dislocated by import competition.¹ When TAA was reauthorized by the Trade Act of 2002 (P.L. 107-210), the program was expanded in several ways: (a) workers could be eligible if their jobs were moved to certain other countries in addition to Canada and Mexico; (b) workers could be eligible if they lost their jobs as a secondary effect of trade or shift in production; (c) older eligible workers could choose wage insurance as an alternative TAA (ATAA); and (d) eligible beneficiaries became entitled to a health care tax credit (HCTC) to help them pay for health insurance.

¹ The North American Free Trade Agreement (NAFTA) Implementation Act (P.L. 103-182) established a transitional adjustment assistance program (NAFTA-TAA) offering the same benefits under altered rules for workers left jobless because of trade with Canada or Mexico or the relocation of jobs to those countries. The NAFTA-TAA was closed to new participants on Nov. 4, 2002.

TAA funds are appropriated as an entitlement out of the general fund (not out of the UC trust funds like UC benefits) to all those who meet the eligibility requirements, although training funds are subject to annual funding caps. Federal administration is under the U.S. Department of Labor (DOL); individual claims are managed by the state UC agencies under contracts with DOL. (TAA for firms was also reauthorized through FY2007 by the Trade Act of 2002. That program offers technical assistance to firms adversely affected by trade to improve their competitiveness. TAA for farmers provides assistance when low farm prices are caused at least partly by imports.)

Eligibility

To gain TAA eligibility, a group of workers petitions DOL, and DOL investigates whether import competition “contributed importantly” to their job loss or whether their firm has shifted production of like articles to certain countries. The new TAA also extends eligibility to secondary workers whose job loss results from the loss of business with a primary firm. Determinations should be completed within 40 days. In FY2005, 1,545 groups with an estimated 117,345 workers were certified eligible for TAA. If DOL certifies petitioners as eligible, the individuals apply to their state agency to establish a benefit claim. Individual eligibility hinges on (1) eligibility for state UC; (2) employment with the affected firm in at least 26 of the 52 weeks preceding layoff; and (3) weekly wages from that firm of at least \$30. If eligible, the claimant may receive a weekly cash benefit, or TRA, when rights to regular and extended UC benefits have been used up and a job training requirement has been met. Job training is required unless waived by DOL for one of six specific reasons.

Benefits

Cash benefits are equal to weekly UC benefits, which vary widely by state. The basic entitlement to TRA benefits is for 52 weeks less any weeks in which regular or extended UC is received, plus an additional 52 weeks for claimants still in approved job training after the basic TRA runs out. There is also another 26-week extension available to those in need of remedial education, so the total period of benefit receipt including UC can last as long as 130 weeks if in training. A new refundable and advanceable tax credit for 65% of health insurance premiums is available to TAA eligibles for the purchase of insurance through COBRA continuation coverage, high-risk pools, state employee plans, or through other means. An allowance of up to \$1,250 can be paid to an eligible worker who must search for work outside his/her commuting area. Another \$1,250 allowance can be paid for the cost of relocation to another job market.

A new demonstration project for ATAA for older workers, which replaces 50% of the wage difference (up to \$10,000) between the wages on a new job and the old one for up to two years, was established by the Trade Act of 2002. This went into effect on August 6, 2003, and is intended to shorten transitions into new occupations or industries without requiring older workers to participate in training programs. Eligibility is limited to those over age 50 whose incomes are less than \$50,000 yearly, who work full time, and who find new jobs within 26 weeks after job separation.

Cost and Participation

The cost of TAA in FY2006 for TRA payments and training will be an estimated \$914 million. It is estimated that ATAA will cost \$52 million as compared with the \$48 million estimated for FY2005. Data on funding and participation in TAA for earlier years are shown in **Table 1**.

Table 1. Selected Trade Adjustment Assistance Data by Fiscal Year

Fiscal Year	TRA Funding (\$mil.)		New TRA Recipients (000)		Training Funding (\$mil.)		No. of New Trainees (000)	
	TAA	NAFTA-TAA	TAA	NAFTA-TAA	TAA	NAFTA-TAA	TAA	NAFTA-TAA
2001	248	27	31	3	94	37	25	5
2002	255	29	37	5	95	37	37	9
2003	561	51	43	4	222	37	43	4
2004	1,062	7	81	3	259	0	49	2
2005	750	0	55	0	259	0	38	0

Source: U.S. Dept. of Labor. Employment and Training Administration.